

Message Text

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LIMDIS

E.O. 11652:GDS

TAGS: EGEN, MARR, JA, US

SUBJECT:WEEKLY STATUS REPORT - JAPAN, APRIL 6, 1978

TO: EA - MR. HOLBROOKE

FROM: EA/J - NICHOLAS PLATT

1. COOPER-MATSUKAWA MEETING (CONFIDENTIAL)

UNDER SECRETARY COOPER MET FINANCE VICE MINISTER MATSUKAWA
ON APRIL 5. MATSUKAWA EXPLAINED THE POLITICAL AND ECONOMIC
DIFFICULTIES CAUSED BY RAPID YEN APPRECIATION. HE EXPLAINED
ALL THE MEASURES THAT JAPAN WAS TAKING TO STEM FURTHER
APPRECIATION AND SAID LACK OF SUCCESS WAS CAUSING A CREDI-
BILITY GAP BETWEEN BUSINESS AND THE LDP AND POLITICAL UNREST
AMONG LDP LEADERS. HE ASKED THAT THE USG DO WHAT IT COULD
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TO KEEP THE YEN-DOLLAR RATE STABLE BY WORKING ON ENERGY,
ANTI-INFLATION AND EXPORT POLICIES. HE ENDED HIS PRESENTA-
TION BY ASKING INDIRECTLY IF THE USG WOULD INTERVENE IN EX-
CHANGE MARKETS TO SUPPORT THE DOLLAR VIS-A-VIS THE YEN.
MR. COOPER REPLIED THAT THE PRESIDENT WOULD ANNOUNCE ANTI-
INFLATION AND EXPORT POLICIES SOON. ADMINISTRATIVE ACTION
IN THE ENERGY AREA WAS POSSIBLE, BUT AN ENERGY BILL WOULD

BE MUCH BETTER. IMPROVING THE LONG-TERM FUNDAMENTALS WOULD GIVE A FAVORABLE PSYCHOLOGICAL SHORT-TERM IMPACT TO THE MARKET. JAPAN COULD TAKE SIMILAR ACTION. COOPER URGED MATSUKAWA TO HAVE FINANCE SUPPORT MITI IN GETTING SOME SUCCESS STORIES FROM THE TRADE FACILITATION COMMITTEE/TRADE STUDY GROUP.-- THIS WOULD HELP MAKE US FIRMS "EXPORT MINDED." HE ALSO URGED MATSUKAWA TO HAVE GOJ PRESENT A GENEROUS MTN OFFER LEST WE AND THE EC BE FORCED TO WITHDRAW PART OF OURS. COOPER TOLD MATSUKAWA THAT THE GERMANS HAD CUT TARIFFS TO HALF IN 1957 WITHOUT ASKING FOR CREDIT IN ORDER TO "CATCH UP" TO LOWER LEVELS OF TRADING PARTNERS -- AND JAPAN SHOULD DO THE SAME WITH CUTS OF THE EARLY 1970'S. MORE DETAILED RECORD OF MEETING WILL BE PREPARED SOON.

2. JAPAN SEMINAR (LIMITED OFFICIAL USE)

THE SEMINAR ON US POLICY TOWARD JAPAN HAS BEEN SCHEDULED FOR APRIL 13 FROM 11:30 AM TO 2:30 PM IN THE EA CONFERENCE ROOM. FOLLOWING PEOPLE FROM OUTSIDE THE GOVERNMENT HAVE ACCEPTED OUR INVITATION TO PARTICIPATE: JERRY CURTIS, EZRA VOGEL, BOB SCALAPINO, CHUCK ROBINSON, BOB NATHAN AND GARY SAXONHOUSE. FROM WITHIN THE USG, WE HAVE INVITED THE FOLLOWING: AMBASSADOR OWEN, ARMACOST, BERGSTEN, WEIL, RIVERS, THAYER, COOPER, HORMATS AND REPRESENTATIVES FROM INR AND S/P. IN ADDITION TO YOU, EA WILL BE REPRESENTED BY GLEYSTEN, HEGINBOTHAM, COLBERT AND ME. WE HAVE TOLD CONFIDENTIAL

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THOSE INVITED THAT THE SEMINAR IS BEING HELD TO REVIEW THE WHOLE RANGE OF ISSUES IN US-JAPAN RELATIONS PRIOR TO THE VISIT OF PRIME MINISTER FUKUDA. I ENVISAGE YOUR MAKING SOME INTRODUCTORY REMARKS TO OPEN THE MEETING FOLLOWED BY BRIEF COMMENTS FROM ME AND ERLAND ON THE POLITICAL AND ECONOMIC SETTING FOR THE FUKUDA VISIT. WE WOULD THEN PROCEED TO DISCUSS THE MAJOR ITEMS ON THE AGENDA FOR THE CARTER/FUKUDA MEETING. IN ORDER THAT THE DISCUSSION MIGHT PROCEED WITH MINIMUM INTERRUPTION, WE HAVE ARRANGED FOR A BUFFET LUNCH TO BE SERVED AT THE CONFERENCE ROOM. VANCE

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